

**Building off of WellPoint's product platform, BCBS of GA plans to launch several new products next year targeted at providing flexible benefit levels at a range of price points.**

## **Overview of Expected New Products by BCBS of GA**

### **New Product Characteristics\***


- High to modest benefits
- Low to high copays
- Low or no deductible to high deductibles
- High employer contribution to minimum or no employer contribution
- 1<sup>st</sup> dollar hospital coverage to catastrophic coverage only
- High premiums to more modest premiums
- Target premiums 15-20% below current lowest price  
Blue Cross Blue Shield of Georgia commercial products

\*Draft of characteristics, products to be finalized in 2002

Source: BCBS GA

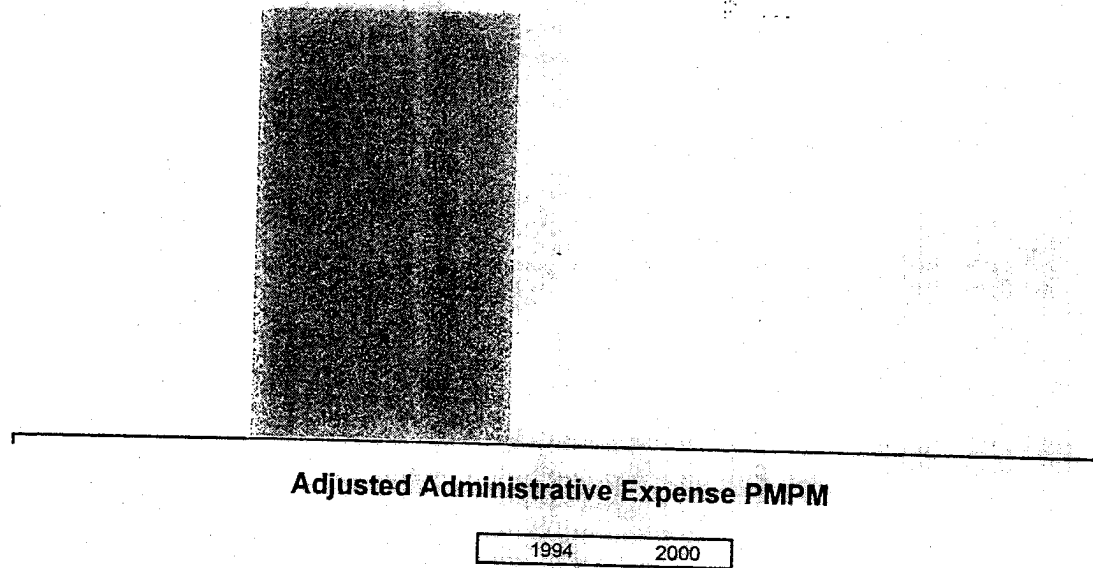
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## A-IV Impacts on Availability, Accessibility & Affordability

- A. Enrollment & Impact on Enrollment
- B. Impact on...
- C. Availability, Accessibility & Affordability
- D. Impact on...
- E. Impact on...
- F. Impact on...
-  G. **Pricing**
- H. Impact on...
- I. Impact on...

Since its conversion, Blue Cross of California's per member expense has decreased suggesting that economies of scale may have been realized <sup>G.7</sup>.


### BC of California – Administrative Expense PMPM (1994- 2000)



\*Administrative expense was adjusted for inflation, real values were deflated by the percent change in the Consumer Price Index for All Items and within the West Urban Area  
Source: InterStudy, The National HMO Financial Database, 1994-2000; data pulled from state Department of Insurance filings; Bureau of Labor Statistics, Consumer Price Index new releases, 1994-2001

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## A-IV Impacts on Availability, Accessibility & Affordability

- A. Existing Health Care Infrastructure
- B. Competition
- C. Affordability and Cost Containment
- D. Health Management Practices
- E. Operations
- F. Finance
- G. Policy
-  H. **Governance**
- I. Regulation

## WellPoint retained most local executives at Blue Cross Blue Shield of Georgia H.2.

### Overview of Management Changes at Cerulean BCBS of Georgia

#### CEO

CEO Richard Shirk promoted & succeeded by Rebecca Kapustay. Richard D. Shirk will work with WellPoint CEO Leonard Schaeffer on corporate merger activities. He is succeeded by Rebecca Kapustay, a 22-year Blue Cross of California veteran.

#### Senior Management Team

One executive change. 12 of the 13 senior executives who report directly to the CEO are incumbent BCBSGA managers. Only John Watts, SVP of Large Group is from WellPoint/UNICARE

#### Board of Directors

Role changed, still local. Cerulean BCBS of Georgia is now overseen by WellPoint's Board of Directors. The Cerulean Board of Directors will act in an advisory role. The board is still composed solely of residents of GA. Warren Y. Jobe, a member of the Cerulean Board and SVP of the Atlanta based Southern Company, is also now a member of WellPoint's Board of Directors.

#### Advisory Board

New addition. Medical, Hospitals, and Consumer advisory boards are new innovations brought to BCBSGA by WellPoint. Members of these boards are from local communities, hospitals, physician groups.

#### Headquarters

No changes. Corporate Headquarter remains in Atlanta and Service Center remains in Columbus, GA.

Source: Maryland Insurance Code §4-305, 2001; D.C. Insurance Code 31-3506 and 31-3509, 2001; DE Insurance Code § 1108; NAIC, Risk-Based Capital General Overview, 2001; BCBSA, Guidelines to Administer Membership Standards Applicable to Regular Members, June 2001;

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